

SOCIAL ENTERPRISE:

# Profit for a Purpose

## Introduction

For years, many nonprofit directors, social activists, and academic theoreticians have looked askance at social enterprise. It appears that money – in particular the commingling of money and mission – is the object of their discontent. Some fear that “business” efforts will override an organization’s essential social mission. Others believe a focus on revenue generation will create an unnecessary distraction. Still others are concerned that revenue generation could cause a breach in public trust. Each of these concerns is valid if one views social enterprise from the perspective that its only purpose is to generate revenue.

The Great Bay Foundation for Social Entrepreneurship<sup>1</sup> endorses a broader perspective. It contends that those who focus solely on the revenue generating aspect fail to recognize the potential value of the larger sphere of social enterprise, that is, to strengthen the nonprofit organization and increase the overall impact of its mission. Like those who saw beyond the fear that 19th-century dime novels and the “Penny Dreadfuls”<sup>2</sup> would lead to the demise of “literature,” so too must we look beyond these primarily negative reactions to nonprofit revenue generation to see the greater good and dynamic social by-products created by these efforts.

This is the first in the Great Bay Foundation’s new series of short papers entitled, “Profitable Pursuits: Observations and Strategies on Social Enterprise and Its Impact.” The Great Bay Foundation is inviting leading voices and practitioners in the field to use this forum to publish their reflections on the past, analysis of the present, and strategies for the future of social

## Article Highlights

- Social Enterprise – Pros and Cons
- Revenue Generation to Increase Mission Impact - Not Just to Pad the Organization’s Bank Account
- Using the Socratic Method to Identify Social Entrepreneurs
- Great Bay Grantee Support – Much More than Money
- Sampling of Great Bay Grantees and Their Ventures
- “Rose Colored Glasses and Green Eye Shades”

## Elizabeth Isele, Author

As Senior Program Director at the Great Bay Foundation, Elizabeth’s responsibilities include identifying new social entrepreneurs who meet the Great Bay funding guidelines; extending the Great Bay Grantee Network through monthly roundtables, site visits, and an annual conference; building a network of like-minded foundations supporting social enterprise to, among other things, develop collaborative funding streams; extending Great Bay’s outreach through academic leaders who direct social entrepreneurship programs at such universities as Dartmouth, Duke, MIT, Harvard, and Oxford; and developing and maintaining all areas of the Great Bay Website.

Prior to this, Elizabeth was the Founder and President of CyberSeniors.org, an award-winning, nonprofit organization designed to provide multi-lingual basic computer training to seniors. In five years, she guided the organization’s expansion from 12 seniors in Portland, Maine to more than 27,000 successfully trained seniors in 28 states and the territory of American Samoa. Today, millions of seniors worldwide actively participate in such programs as CyberHealth through their website, [www.cyberseniors.org](http://www.cyberseniors.org).

Prior to each of these, Elizabeth had a 30-year distinguished career as an Editor in publishing; taught Creative Writing at Wesleyan University, the University of Maine, as well as numerous writers’ workshops in the United States, France, and Italy; and published twelve books.

## Acknowledgement

Sincere appreciation to Cynthia Massarsky for her superb editing of this paper.

enterprise. By addressing provocative questions and introducing fresh insights on the subject of social enterprise and entrepreneurship, Great Bay hopes this collection – voices from the emerging field – will build a new body of knowledge that goes beyond the contributions of current literature. This will not be a dialogue in which the educated communicate amongst themselves. Rather, Great Bay has designed the series so that the information is accessible to the uninitiated as well as the informed so that all might be equally enlightened.

As host of this discourse, Great Bay thought it appropriate to launch the series with an introduction to the foundation – its mission and principles, unique funding process; and ongoing grantee support network, as well as profiles of three of its grantees. The Great Bay Foundation for Social Entrepreneurship funds the revenue generating

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ventures of social entrepreneurs, provided that those ventures are designed to advance the organization’s mission and enhance its health and long-term sustainability.

### Using the Socratic Method to Identify Grantees

The Great Bay Foundation for Social Entrepreneurship is a small nonprofit grant-making foundation based in Portland, Maine. Founded in 1998, Great Bay makes grants to nonprofit organizations led by individuals who have an entrepreneurial attitude, drive and vision, and who work toward social change in the areas of economic development, education, and health care.

The foundation specifically supports nonprofit, social entrepreneurs working within the following two parameters: (1) those who are creating and/or operating revenue generating projects that focus on

making the organization economically self-sufficient, or are moving in that direction, and (2) those whose projects help individuals living on the edges of society become more self-reliant and less dependant through the acquisition of skills, improvement of their faculties, training, jobs, etc.

In this respect, Great Bay funds the social entrepreneur who is willing to be accountable for the success or failure of the revenue generating project or program. Great Bay supports principled, pragmatic approaches, and is solution oriented.

The application process is informal. Great Bay asks potential grantees to send, via email, one or two pages describing the project, its business and social goals, who it will help, how it will operate, and the ways in which they will measure success.

The Socratic Method is a vital part of Great Bay’s

~Tom Davis, Director of Skills Inc.

process for identifying and screening potential grantees. In fact, it is inherent in all that Great Bay does. After reading the description of a potential project, if the entrepreneur and project have merit, Great Bay takes the next step and responds with a series of questions to probe deeper into the proposal. True to the Socratic-like method, a potential grantee’s answer often triggers additional questions.

For example, one grantee, Tom Davis, Director of Skills Inc.<sup>3</sup> says, “The [Great Bay] process is a far cry from the ‘fill out the application online and we will get back to you’ standard approach. The process is personal and individual. The relationship between the foundation and each of the grantees is unique and based on the particular needs and circumstance of the entrepreneur and his or her project. Great Bay offers much more than money. They do not seek to oversee or offer direct advice but, instead, ask questions. Lots and lots of thought provoking, ‘Do you know what

you are doing and why?’ kinds of questions.”

A potential grantee said, “I originally thought the back-and-forth emails exhausting, but I discovered that I learned more with each new communiqué. Specifically, I learned how to more clearly articulate our mission and goals and, in the process, saw opportunities that I’d yet to imagine to increase impact.”

## Ultimately, responsibility for the success or failure of any grantee’s program is in the hands of the entrepreneur.

At the end of this ongoing dialogue, both the grantee and the foundation have a clearer picture of the venture’s possibilities and probabilities. Great Bay finds this method more effective than reading a pro-forma proposal in which a potential grantee has filled in every blank space with what is, in essence, more verbiage than meaning. Grantees report that because the query process encourages them to delve deeper into the nuts and bolts of their venture, substantiate their strategies, and devise practical solutions for problem areas, it enables them to explain their projects in much more depth than would a simple proposal.

Ultimately, responsibility for the success or failure of any grantee’s program is in the hands of the entrepreneur. Great Bay grantees are responsible for articulating measurable business and social goals and accountable for achieving them. When a social entrepreneur is funded, Great Bay does not co-administer or micro-manage the project as a venture philanthropist might. Great Bay funds the social entrepreneur and does not interfere by suggesting solutions or telling a grantee explicitly what to do. If the grantee runs into trouble or needs additional expertise, he or she is encouraged to ask for it. And when appropriate, Great Bay provides assistance.

For example, when another grantee, Kathy Freund, Director of ITN (Independent Transportation Network)<sup>4</sup> began to receive inquiries from

communities around the nation who wanted to replicate her program, Kathy came to Great Bay to ask for help. She was specifically looking for ways in which she could codify her program in order to package it to “sell” to other communities. She wanted to use the revenue derived from such sales to expand the impact of ITN. Great Bay gave Kathy planning grant funds, and she hired a consultant who helped her build a model for future development. ITN created an umbrella organization, ITNAmerica,<sup>5</sup> and it is now launching community-based programs in four new states. The revenue generated is helping to underwrite the sustainability of the core program and its expansion nationwide.

## Grantees and their Projects

Great Bay grantees are dynamic entrepreneurs whose organizations range in size from those with less than a \$100,000 to one with a \$13,000,000+ annual budget. Their social missions vary from helping teens at risk to providing alternative transportation to seniors who can no longer drive safely. All of their revenue-generating programs help underwrite the sustainability of their organizations and increase social impact, but some add additional social value by engaging and/or employing the individuals they serve in their revenue-generating efforts.

An example of this is Tom Davis’ operation, Skills Inc. The organization’s mission is to provide a network of support for adults with developmental disabilities. This includes employment, residential, day services, senior enrichment and short-term crisis housing. Skills Inc. owns and operates a variety of social enterprises that provide employment opportunities and revenue. These include a hardwood sawmill, boarding kennel, recycling center and thrift stores. Individuals served are trained to participate in the operation of the lumber mill, kennel, recycling center, and thrift stores which generate revenue for the organization.

As in any successful for-\$\$-profit business, Great Bay social entrepreneurs create value for their customers, as well as the client stakeholders they serve. Their products and services must compete successfully in the marketplace. First and foremost, the product must have a competitive edge related to quality and value. The edge cannot be based on the fact that the

product/service is created or delivered by handi-capped or otherwise under-privileged individuals.

Another Great Bay grantee, Eric Tobey, Director of Maine Woodworks,<sup>6</sup> builds and distributes cottage furniture to retail stores throughout New England. The factory employs 26 workers, half of whom are mentally challenged. Some, who have entered the factory barely capable of screwing a knob onto a drawer, have been trained so that they can now fully assemble a piece of furniture. Maine Woodworks' furniture sells because it is top quality. Buyers do not know who has made the piece until they open a drawer to find a little slip that says, "This furniture has been made by mentally challenged individuals." So it is the quality of the workmanship that sells the product, not the non-profit mission relating to it.

### Great Bay Provides More Than Money

Great Bay understands that it takes more than money to help entrepreneurs working in this uniquely social vein. The Foundation believes that it is important to support its grantees' energy by providing intellectual capital too - strategic business principles that help entrepreneurs to leverage innovation, community resources, and additional financing to achieve their social mission. As mentioned earlier, Great Bay provides its grantees with access to consultants if they express a need - technology gurus, business planners, and marketing experts.

Great Bay also nurtures a dynamic Grantee Network where it hosts bi-monthly luncheons that feature on-site presentations by grantees for other grantees and, in alternate months, Roundtable Luncheons where small groups of grantees and outside experts discuss issues that are of concern to all. These meetings are by invitation only and the entire cost is borne by the Foundation. Information garnered from the luncheons is posted on the Foundation website at [www.greatbayfoundation.org](http://www.greatbayfoundation.org).

Great Bay also has an online Learning Center<sup>7</sup> where it compiles and continually updates a list of web links and relevant articles pertaining to many important nonprofit subjects, such as board management and development, business planning, marketing, market research, pricing, human resources, insurance, and legal issues. All of the information included

in the Learning Center is free, and the Great Bay Foundation is not promoting any of the individuals included in the resources.

### Great Bay Foundation's 2005 Conference on Social Enterprise

Each year Great Bay hosts a conference<sup>8</sup> for its grantees, potential grantees, and friends of the Foundation. Featured speakers address areas of import and lead participants through skill-building workshops. Opportunities for networking, exchanging ideas, and peer learning abound. The conference is offered at no cost to the attendees.

In early 2005, Great Bay initiated an online survey of its grantees. Among the comments, grantees indicated that they wanted to learn more about the field of social enterprise. Specifically, they wanted to better understand current thinking about the ways in which they and others were advancing social mission by integrating traditional for-profit strategies in their nonprofit organizations. Knowing full well about the volatility of revenue generation in the nonprofit arena, Great Bay thought that providing background information on the practice would be of value, including a variety of viewpoints pro and con.

Great Bay turned to J. Gregory Dees whose groundbreaking work in the field is the lynch pin of much research. In his seminal article, "The Meaning of 'Social Entrepreneurship,'" he was one of the first to define a Social Entrepreneur:

#### **Social entrepreneurs play the role of change agents in the social sector, by:**

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.<sup>9</sup>

Professor Dees goes on to say that social entrepreneurs are a “Rare Breed” and that “we could use many more of them.”<sup>10</sup>

Greg Dees’ desire to nurture “more of them” so meshed with Great Bay’s mission to seek out and support social entrepreneurs that Peter Greenleaf, President of the Great Bay Foundation, called Professor Dees to ask for his recommendations regarding experts to speak at the Foundation’s 2005 annual conference. Professor Dees had three recommendations, all of whom accepted Great Bay’s invitation. The first was **Beth Anderson**, *Managing Director, CASE (Center for the Advancement of Social Entrepreneurship) Fuqua School of Business, Duke University, North Carolina*, who chronicled the history of Social Entrepreneurship/Social Enterprise.<sup>11</sup> The second, **Alex Nicholls**, *University Lecturer in Social Entrepreneurship, Saïd Business School, Oxford University, Oxford, England*, addressed modeling high performance social ventures and managing legitimacy.<sup>12</sup> The third speaker was **Jane Wei-Skillern**, *Assistant Professor of Business Administration in the General Management Unit and Social Enterprise Group at the Harvard Business School, Boston, Massachusetts*. She discussed the value of networks (community, corporate, inter and intra-organizational resources) in successful social enterprise.<sup>13</sup>

After providing a detailed history of the field, Beth Anderson addressed the current debate over whether

social enterprise must include earned income – an aspect that is integral to the operations of all Great Bay grantees. Greg Dees, she noted, has argued that social entrepreneurship is about innovation and impact, and not necessarily income.<sup>14</sup> While Anderson admits having had a bias for the “innovation” as opposed to the “income-generating” perspective, she added, “I am increasingly seeing that the most intriguing and in some instances perhaps highest potential ventures – in terms of their lasting sustainable impact – also incorporate the enterprise or income component, at least to some degree.”<sup>15</sup>

“The question then becomes,” Anderson said, “how enterprising and/or innovative must a venture be to be considered social entrepreneurship.”<sup>16</sup> To illustrate the question, Professor Anderson introduced a two dimensional matrix<sup>17</sup>(see below) that she described as a “work in progress.”

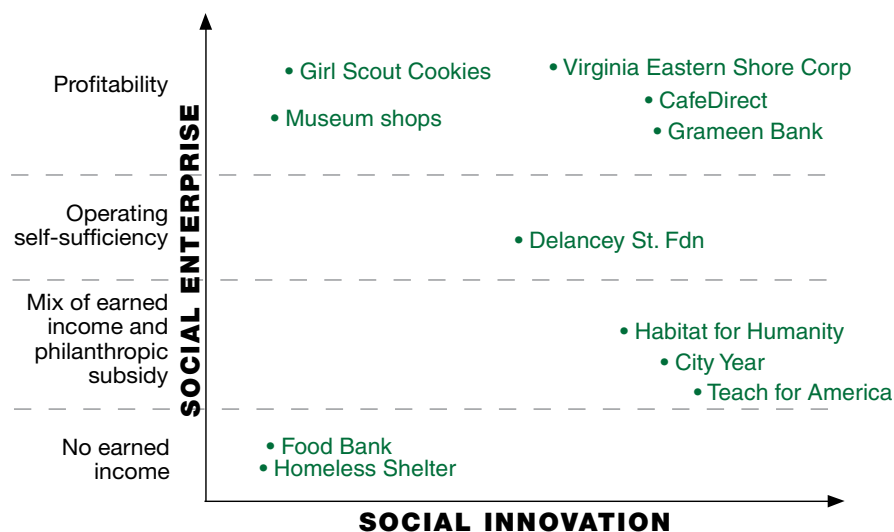
“The challenge is to capture both the degree to which a social venture blurs sector boundaries and the degree to which it embodies a socially valuable innovation,” she said. “That is, to be considered true social entrepreneurship, an approach must be innovative and also blend both ‘business’ and ‘social’ methods.”<sup>18</sup> Professor Anderson then guided participants through a process for locating their organizations’ positions on the matrix, enabling them to examine their positions within this innovation/ income context. To put a cap on the exercise and to

## A Simple Framework: Blending Income and Innovation<sup>17</sup>

How enterprising and/or innovative must a venture be to be considered social entrepreneurship?

Does the approach entail a “new combination” directly tied to the mission and creation of social value?

Is the goal to create large scale, sustainable social impact?



highlight the importance of rethinking traditional theories of enterprise as for-profit only initiatives, Professor Anderson offered this quote from AOL Founder Steve Case:

*Too many people still act as if the private sector and the social sector should operate on different axes, where one is all about making money and the other about serving society. A better approach is to integrate these missions, with businesses that are “not-only-for-profit” and social service groups with their own earned income all contributing to positive, durable, significant social change.<sup>19</sup>*

Professor Nicholls was next on the podium. He began his presentation by building on Anderson’s historical research. Focusing on the financial dimensions of social enterprise, Nicholls introduced a continuum depicting grant funded social enterprise at

**An organization’s “right to act” is diminished or perhaps even null and void if it is not legitimate. This is especially important as nonprofits venture into revenue-generating initiatives.**

one end and fully self-funded social enterprise on the other. He discussed the value to social entrepreneurs in modeling “high performance social ventures” and described how one might do this. Key steps included: “New Resource Strategies” (identifying new resources); “Opportunity Creation” (generating promising ideas); “Balance Model” (creating a balanced model from vision to ROI, including knowledge management, operations, marketing and promotion); and “Assets” (identifying, managing, and leveraging assets.) Professor Nicholls explicated the various facets of legitimacy: organizational, regulatory, pragmatic, associational, moral, and cognitive. He identified those over which we have control and those we do not, and how social entrepreneurs can best manage their “legitimizing assets.” He stressed the importance of “Trust-Based Assets” explaining, “Public trust is critical because it provides the foundation stone of a social venture’s perceived right to operate.” An organization’s “right to act” is diminished or perhaps even null and void if it is not legitimate. This is especially important as nonprofits venture into revenue-generating initiatives.

After an interactive exercise during which he helped

attendees identify their organizations’ legitimating assets, Professor Nicholls addressed such indispensable questions as: “How do social ventures become legitimate holders of social trust? How do they earn and maintain the right to operate? What is the value of legitimacy to a social venture?” This exercise helped the participants to evaluate their assets, weigh their legitimating value (real and perceived) and to think of strategic ways in which they could leverage those assets to enhance their organizations’ position among the various stakeholders with a vested interest in their success.

Now, firmly grounded in Professor Anderson’s social innovation/enterprise context and understanding the value and dynamic process involved in Professor Nicholls’ high performance modeling, conferees were eager to participate in Jane Wei-Skillern’s session on networking strategies and best practices.

Although Great Bay’s conference attendees know well the value of networking and practice it regularly, Professor Wei-Skillern introduced them to unanticipated layers of new understanding and strategies they had not envisioned previously. The audience was transfixed as Professor Wei-Skillern conducted her session with the same energy she would put forth for her class at Harvard Business School. She led the participants through a series of self-directed interactive exercises in which they: (a) identified approaches and implementation techniques for revitalizing their organizations as well as the sub-sector in which they reside; and (b) identified the potential roles their organizations could play in establishing innovative partnerships and networks.

Participants indicated in Great Bay’s post-conference survey that each of the three presenters increased their scope of understanding of social enterprise enormously, in both theory and practice, and, even more important, introduced them to new, relevant strategies to enhance the social impact of their ventures.

## A Sampling of Great Bay Foundation's Grantees: Three Successful Social Entrepreneurs

Three Great Bay Foundation grantees/entrepreneurs are worth highlighting because of the bold and innovative ways in which they successfully integrate social enterprise strategies to strengthen the long-term health of their organizations and increase the impact of their social missions.

### Bonnie CLAC

Since its founding in 2001, Bonnie CLAC has helped 700 individuals to purchase cars at very low interest rates (4.9%). This represents approximately \$5 million in savings for low-income individuals across the state of New Hampshire.

### Robert Chambers, Bonnie CLAC

*June 2006 - Named one of 15 Finalists for the new Civic Ventures Purpose Prize Award: "Lead with Experience"*

Robert Chambers started Bonnie CLAC<sup>20</sup> to make the ownership of new, fuel-efficient cars more affordable for low-income people. Bonnie CLAC provides additional services to its clients as well: transportation analysis, purchase counseling, financial literacy courses, and budget counseling to build self-reliance, skills, and knowledge.

Bonnie CLAC guarantees car loans so that its clients can gain access to affordable, low interest rates. Since its founding in 2001, Bonnie CLAC has helped 700 individuals to purchase cars at very low interest rates (4.9%). Given that the average client saves more than \$7,000 from his or her transportation budget, this represents approximately \$5 million in savings for low-income individuals across the state of New Hampshire. Bonnie CLAC's default loan losses at 2.3% are below commercial averages.

To be eligible for a car loan guarantee, Bonnie CLAC clients must complete certain requirements. While the clients are completing their requirements, Bonnie CLAC (through its "Bridge" program) provides them with used cars so they can get to work. Approximately 300 cars have been donated to the organization for this purpose, and local mechanics provide tune-ups at reasonable rates.

From the beginning, Bonnie CLAC has had the goal of becoming self-sustaining. The organization derives its income from several sources: (a) guarantees and consulting fees that are incorporated into the auto loans; (b) fees paid by corporations that sponsor course training in financial literacy for their employees; (c) fees paid by low-income individuals who hire Bonnie CLAC to negotiate their car purchases; and (d) beneficial corporate partnerships with banks such as Chittenden and car dealers such as Honda. In the future, Bonnie CLAC also expects to receive licensing fees from other communities that want to replicate its program.

All of these activities combine to contribute to Bonnie CLAC's being 75-80% self-supporting today. And, regarding future expansion, Bonnie CLAC's earned income has also helped the organization to develop its Client Relations Management software (CRM). The system was developed using the Quickbase system and is web-based. As such, it can be deployed anywhere that access to the internet is available. CRM provides for continuous monitoring of clients from every incoming call through each step of the consulting process, including all documents related to the client such as financial budgets, dealer communications, and other contracts. It is also used to monitor clients' loan performance after delivery of their cars and to track clients who are late on payments. This standardization and central control of documents through the CRM software is key to Bonnie CLAC's ability to enhance their impact by creating additional revenue-generating offices to deliver services to low-income clients nationwide.

## SKILLS Inc.

SKILLS Inc.'s mission is to provide a network of support for adults with developmental disabilities. This includes employment, residential, day services, senior enrichment, and short term crisis housing. SKILLS Inc. owns and operates a variety of social enterprises that provide both employment opportunities and revenue.

## Tom Davis, SKILLS Inc.

SKILLS Inc. is a Maine nonprofit corporation that was created in 2005 through the merger of two long-standing organizations, Sebecook Farms and Ken-A-Set Association. Together, the two organizations represent more than 80 years of service history working in Kennebec and Somerset Counties. SKILLS Inc.'s mission is to provide a network of support for adults with developmental disabilities. This includes employment, residential, day services, senior enrichment, and short-term crisis housing. SKILLS Inc. owns and operates a variety of social enterprises that provide both employment opportunities and revenue. These include a hardwood sawmill, boarding kennel, recycling center, and thrift stores.

The total yearly operating budget for SKILLS Inc. is approximately \$13 million. About one third of the total budget, or \$4 million, is generated by its social enterprises, with the hardwood sawmill accounting for the majority of this revenue. Federal, State, and private foundation monies provide the balance of annual funding.

SKILLS Inc.'s social enterprises operate with a blended workforce. The enterprises provide both full and part-time employment opportunities to the local work force and to people with developmental disabilities. In the small rural town of St. Albans, Maine, SKILLS Inc.'s sawmill is the second largest employer and a foundation of the local economy. In its 20+ years of operation, the mill has paid more than \$10 million in wages to its employees. The products and services created by SKILLS Inc.'s enterprises provide job opportunity, earned income, social contact and promote a sense of accomplishment, pride and self-worth for the organization and its constituents. The ability to generate a profit puts the agency in a position to plot its own course of action and growth, and be less dependent on the erratic and uncertain support of State and Federal funds.

In addition to these benefits, SKILLS Inc. is embarking on a pilot project with another Great Bay grantee, Information Technology Exchange (ITE), to test the feasibility of safely and profitably handling e-waste in Maine. This pilot project will couple the talents and resources of two of Great Bay's grantees in a new and creative business venture that will address a growing social problem. So, another by-product of earned income and self-sufficiency – and certainly implicit in the manner in which Great Bay operates – is the opportunity for grantees to collaborate and spur new and original entrepreneurial practice.

## ITN®

The ITN model marries the power of information technology and the strength of local, grassroots support to create an efficient and financially sustainable solution to the transportation needs of seniors and their families.

## Katherine Freund, Independent Transportation Network (ITN)®

ITN is the first and only national nonprofit transportation network for America's aging population. The ITN model marries the power of information technology and the strength of local, grassroots support to create an efficient and financially sustainable solution to the transportation needs of seniors and their families.

ITN's transportation service is available 24/7, uses cars only, and gives customers the option to ride alone or with others. ITN relies on both paid and volunteer drivers, integrating them seamlessly into the service – a capability that is unique among senior transportation providers. Seniors who use the service become dues-paying members of the organization at a nominal fee and open personal transportation accounts to pay for their rides. ITN keeps fares reasonable by asking members to pay roughly half the true cost of the rides. Seniors describe ITN as “the next best thing to driving.”

Through the efficiency possible with the proprietary ITNRides! software system, ITN created an umbrella organization, ITNAmerica™, to develop a National Transportation Network for Seniors. The ITNAmerica Business Plan for Growth has been divided into two phases. Replication of the ITN model will occur through the development of “learning clusters,” peer groups of three to five local communities that are building their own, independent ITNs, and are committed to working together and sharing lessons learned. During Phase I, the pilot learning cluster already underway will allow ITNAmerica to develop tools and materials to support the affiliates and identify best practices to roll out the model nationwide in Phase II. Growth of the affiliate network is planned as shown below.

		# of ITN America affiliates	# of Members	# of Rides
Phase 1	2005	1	1,300	16,000
	2006	4	1,675	16,000
	2007	9	3,485	34,000
Phase 2	2008	16	7,895	82,000
	2009	26	15,290	163,000
	2010	41	26,835	298,000

## In Conclusion

Clearly there is significant energy and enthusiasm in social enterprise today. While the Great Bay Foundation admits a positive bias towards revenue generation, it understands that the focus of successful social enterprise – first and foremost – must be mission. Great Bay’s practice of intelligent questioning, of challenging assumptions, and of requiring greater specificity regarding goals and outcomes is designed to gage potential grantees’ commitment to mission. Great Bay fosters an environment of learning through self-discovery.

The Foundation’s successful 2005 conference on social enterprise and entrepreneurship demonstrated the value inherent in its approach to nurturing an informed social entrepreneur. In fact, it was the catalyst for this new series of papers on the subject. One goal of this paper – indeed this series of papers – is to mitigate the view that profligate social entrepreneurs will vitiate socially responsible nonprofits – that money will take priority over mission. In Great Bay’s view and among its grantees, nothing could be further from the truth.

Nonprofit organizations and their stakeholders are better served by raising the standards of integrity and accountability in their arena. The positive view of revenue generation by nonprofits is that bold, innovative, results-oriented social entrepreneurs are essential if nonprofits are to achieve success with their missions, attain sustainability, and increase their impact. In the words of eBay founder Jeff Skoll, these social activists are “entrepreneurs wearing rose colored glasses and green eye shades.” Great Bay is pleased to be part of the process.

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## End Notes

1. [www.greatbayfoundation.org](http://www.greatbayfoundation.org)
2. The fallacy in the “Dreadfuls” mind-set is that 19th-century literati failed to anticipate how the exciting “Dreadfuls” – mainly about the American Revolution, the frontier period, the “Wild West,” and the Civil War – would create thousands of new readers who’d long been deprived of literature because of the high cost of hardcover books and the dearth of public libraries. Young Abraham Lincoln, for example, was an avid fan. The first title in Beadle and Company’s “Dime Novel Series,” issued July 1860 in New York was Malaeska: Indian Wife of the White Hunter. It was a 128-page story by Ann S. Stephens that reportedly sold 300,000 copies. Later books (631 in all) sold more than 600,000 copies each before Beadle and Co. stopped publishing their Dime Novel Series in 1885. (Information garnered from such online resources as Stanford University and the Wikipedia encyclopedia.)
3. [www.skillsinc.net](http://www.skillsinc.net)
4. [www.itnportland.org](http://www.itnportland.org)
5. [www.itnamerica.org](http://www.itnamerica.org)
6. Maine Woodworks is a division of Creative Work Systems. ([www.mainewoodworks.com](http://www.mainewoodworks.com) and [www.creativeworksystems.com](http://www.creativeworksystems.com))
7. [www.greatbayfoundation.org/Pages/learningcenter](http://www.greatbayfoundation.org/Pages/learningcenter)
8. [www.greatbayfoundation.org/Pages/conferences](http://www.greatbayfoundation.org/Pages/conferences)
9. Dees, J.G. “The Meaning of ‘Social Entrepreneurship’”. Retrieved from “Center for the Advancement of Social Entrepreneurship” website: [http://www.fuqua.duke.edu/centers/case/documents/Dees\\_SEdef.pdf](http://www.fuqua.duke.edu/centers/case/documents/Dees_SEdef.pdf) (7/10/05). Original Draft: October 31, 1998b. Reformatted and Revised: May 30, 2001.
10. *Ibid*, p.5
11. Anderson, B. (2005) “Social Entrepreneurship: Two Schools of Practice and Thought.” Great Bay Foundation Annual Conference Presentation, December 2.
12. Nicholls, Alex. (2005) “Social Entrepreneurship: Modelling High Performance Social Ventures.” Great Bay Foundation Annual Conference Presentation, December 2.
13. Wei-Skillern, J. (2005) “The Value of Networks (Community, Corporate, Inter and Intra-Organizational Resources) in Successful Social Enterprise.” Great Bay Foundation Annual Conference Presentation, December 2.
14. Dees, J. G. “Social Entrepreneurship Is About Innovation and Impact, Not Income”. Discussion Paper; originally appeared in Social Edge, September 2003. Retrieved from “Center for the Advancement of Social Entrepreneurship” website: <http://www.fuqua.duke.edu/centers/case/leaders/ideas.html>. (9/9/05).
15. Email correspondence (December 20, 2005)
16. *Ibid*
17. Anderson B. (2005) Conference Presentation
18. Email correspondence (December 20, 2005)
19. Case, S. “Purpose and Profits Go Together,” Wall Street Journal, May 10, 2005. From: Anderson, B. “Social Entrepreneurship: Two Schools of Practice and Thought.” Great Bay Foundation Annual Conference Presentation, December 2, 2005.
20. <http://www.bonnieclac.org/>